

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 OMB-01 TRSE-00 SIL-01

LAB-06 PA-04 PRS-01 USIA-15 CIEP-02 STR-08 L-03 DRC-01

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E.O. 11652: N/A

TAGS: BEXP ETRD ETRN BL

SUBJ: CIVAIR: GOB PLANS FOR PLANE PURCHASES AND NEGOTIATIONS.

REF: LA PAZ 6862

1. TO ANSWER RECENT CHARGES OF MANAGEMENT INCOMPETENCE BY UNION REPRESENTING AIRLINE EMPLOYEES, PRESIDENT OF LLOYD AEREO BOLIVIANO (LAB), GUILLERMO BILBAO, HELD NEWS CONFERENCE NOVEMBER 28. HE WAS ASSISTED BY GOB'S SUB-SECRETARY OF AERONAUTICS, GENERAL FEDERICO CASANOVAS.

2. LAB EMPLOYEES HAVE EXPRESSED EMOTIONAL CONCERN OVER SALE OF LAB'S TWO DC-6S AND ONE ELECTRA TO GOB. (EMPLOYEES FEAR THAT LAB'S LOSS WILL BE GAIN FOR DOMESTIC COMPETITOR TAM, THE MILITARY AIRLINE). CASANOVAS GAVE ASSURANCES THAT PLANES WILL BE USED FOR EXECUTIVE TRAVEL AND LAB WILL RECEIVE COMPENSATION (US\$ 1 MILLION MENTIONED IN PRESS) WHICH WILL BE USED TO BUY NEEDED MODERN AIRCRAFT FOR LAB.

3. OFFICIALS THEN ANNOUNCED THAT LAB TEAM (SEE REFTTEL) WILL RETURN FROM MIAMI NOVEMBER 30 AND HAS NEGOTIATED PURCHASE OF USED 727-100 AND PLANE WILL ARRIVE BEFORE END OF YEAR.

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CASANOVAS PRIVATELY CONFIRMED THIS TO EMBOFF STATING THAT

FINAL GOB APPROVAL EXPECTED BUT NOT YET GIVEN. HE STATED THAT LAB MAKING PURCHASE FROM AIRLIFT, INC. FOR ABOUT US\$ 5 MILLION OVER 8 YEAR TERM WITH TWO YEAR GRACE. (WE UNDERSTAND THAT MELLON BANK IS PROVIDING THE FINANCING FROM EURODOLLAR SOURCES). HE ALSO SAID THAT LAB WILL PURCHASE ANOTHER FAIRCHILD F-27 FROM ALLEGHANY AIRLINES. CASANOVAS WAS UNCLEAR ON REMAINING DETAILS OF FINANCING OTHER THAN TO SAY THAT LAB MUST WORK OUT DETAILS ON COMMERCIAL TERMS THROUGH CENTRAL BANK.

4. AT NEWS CONFERENCE TWO OFFICIALS ALSO ANNOUNCED THAT LAB WILL PURCHASE NEW 727-200 FROM BOEING FOR DELIVERY IN MID-1975. LAB IS NOW MAKING US\$ 50,000 DEPOSIT WITH BOEING. CASANOVAS SAID THAT LAB FLEET WILL BE COMPLETELY MODERNIZED BY 1976 AND SHOULD BEGIN EXPAND ITS SCHEDULE--VARIOUSLY REPORTED IN THE PRESS--TO U.S. (MIAMI AND LOS ANGELES), ARGENTINA (BUENOS AIRES AND SALTA), BRAZIL (SAO PAULO AND RIO), PERU (LIMA AND AREQUIPA), CHILE (SANTIAGO AND ARICA), PLUS ASUNCION, BOGOTA, QUITO AND PANAMA. HE ACKNOWLEDGED THAT THESE RIGHTS REMAINED TO BE NEGOTIATED.

5. MORNING DAILY PRESENCIA PLAYED UP ITS REPORT THAT TWO OFFICIALS REVEALED THAT GOB ASKING U.S. IN BILATERAL NEGOTIATIONS TO MAKE DIRECT COMPENSATION TO LAB "FOR 25 YEARS THAT BRANIFF AIRLINES HAS USED BOLIVIAN AIR ROUTES WITHOUT ANY BENEFIT TO BOLIVIA". IN CONVERSATION WITH EMBOFF CASANOVAS SAID PRESS MISINTERPRETED HIS MEANING AND HE INTENDED ONLY TO RECORD THAT PRESIDENT BANZER WAS TO HAVE RAISED COMPENSATION ISSUE DURING WASHINGTON VISIT AND WOULD NOW BE RAISING ISSUE OFFICIALLY WITH AMBASSADOR. ACCORDING TO CASANOVAS, GOB COUNTING ON SOME SPECIAL ARRANGEMENT WITH U.S. TO FINANCE THIRD BOEING JET.
STEDMAN

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Message Attributes

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